**AGREEMENT**

**between the Government of the Republic of Azerbaijan and the Government of the Kyrgyz Republic on Free Trade**

 The Government of the Republic of Azerbaijan and the Government of the Kyrgyz Republic, hereinafter referred to as the Parties,

 ***Endeavoring*** to develop trade and economic cooperation on the basis of equality and mutual benefits,

 ***Proceeding*** from the sovereign right of each State to pursue an independent foreign economic policy,

 ***Forming*** conditions for the free movement of goods and services, recognizing the universally accepted norms and principles of international trade relations,

 Have agreed as follows:

**Article 1**

 The Parties shall not apply customs duties, taxes and levies having an equivalent effect on exports and/or imports of goods originating in the customs territory of the State of one of the Parties, and destined for the customs territory of the State of the other Party. Exclusion from this trade regime for the agreed nomenclature of goods will be formalized in protocols, which are an integral part of this Agreement, if the Parties deem it necessary.

 For the purposes of this Agreement and for the period of its validity, goods,

originating from the territory of the States of the Parties shall mean goods, defined by the Rules for Determining the Country of Origin of Goods, approved by the Decision of the Council of Heads of Government of the Commonwealth of Independent States of 30th November 2000 and subsequent amendments and additions thereto, to which the Parties are participants.

**Article 2**

 Each Party agrees:

- not to impose, directly or indirectly, additional taxes or duties on the goods of the other Party falling within the scope of this Agreement, exceeding the respective taxes or duties imposed by third countries;

- not to impose any special restrictions or limitations on the import or export of goods covered by this Agreement, any special restrictions or requirements which in a similar situation do not apply to similar goods of domestic production or goods originating in and imported from third countries;

- not to apply with respect to the warehousing, transshipment, storage and carriage of goods originating in the territory of the State of the other Party, as well as payments and transfers of payments differently from those applied in similar proceedings in respect of its own goods or goods originating from third countries.

**Article 3**

 The Parties in mutual trade shall refrain from applying discriminatory measures, the imposition of quantitative restrictions or equivalent measures on exports and/or imports of goods within the framework of this Agreement.

**Article 4**

 The Parties shall exchange, on a regular basis, information on laws and other normative and regulatory acts related to economic activities, including trade, investment, taxation, banking, insurance and other financial services, transport and customs matters, including customs statistics.

 The Parties shall promptly inform each other of any changes in national legislation that may affect the fulfilment of this Agreement.

 The authorized bodies shall agree on the procedure for exchange of such information in accordance with the legislation of the States of the Parties.

**Article 5**

 The Parties shall not allow the unauthorized re-export of goods in respect of the exports of which the other Party from whose State these goods originate applies tariff and non-tariff regulation measures.

The Parties shall exchange lists of goods subject to measures of tariff and non-tariff regulation.

 Re-export of such goods to third countries may be carried out only with the written consent and under conditions determined by the authorized bodies of the States Parties of origin of these goods.

**Article 6**

 The Parties recognize incompatible with the purposes of this Agreement unfair business practices and undertake to prevent any such manifestations, including:

* contracts between enterprises, decisions taken by an association of enterprises and general business practices, aiming to interfere or restrict competition or violate the conditions for it in the territories of the States of the Parties;
* actions by which one or more enterprises exploit their dominant position by restricting competition throughout or an insignificant part of the territory of the States of the Parties.

**Article 7**

 In the implementation of tariff and non-tariff regulation measures of bilateral economic relations, for the exchange of statistical information and customs procedures, the Parties use the Single Commodity nomenclature of foreign economic activity of the Commonwealth of Independent States (TN VED CIS), based on the Harmonized commodity description and coding system of the World Trade Organization. At the same time, for their own needs, the Parties shall, if necessary, carry out the development of the Commodity nomenclature.

**Article 8**

 The Parties agree that compliance with the principle of freedom of transit is an essential condition for the achievement of the objectives of this Agreement and an essential element in the process of their integration into the system of international division of labour and cooperation.

 In this regard, each Party shall ensure unimpeded and duty-free transit through the territory of its State of goods and shall not subject the transit transport of goods to unreasonable delays and restrictions, originating in the customs territory of the State of the other Party and/or third States and destined for the customs territory of the State of the other Party or a third country, except for goods and consignments the importation of which is prohibited or requires special authorization in accordance with the legislation of the State of the Party.

 The provisions of this Agreement shall not preclude the Parties from applying restrictions on transit traffic that may be detrimental to the national security of their States.

Accordingly, each Party shall make available to exporters, importers or carriers all facilities and services necessary for the provision of transit on terms no worse than those on which the same facilities and services are provided to its own exporters, importers or carriers and to exporters, importers or carriers of any third State.

 The procedure and conditions for the passage of goods through the territory of the States of the Parties shall be regulated in accordance with national legislation and international transport regulations.

**Article 9**

 This Agreement shall not preclude the right of any Party to take such measures as are generally accepted in international practice, as it considers necessary for the protection of its vital interests or which are indisputably necessary for the fulfilment of international treaties to which it is a party or intends to become a party, if these measures relate to:

- information affecting national security interests;

- trade in arms, ammunition and military equipment;

- research or production related to defense needs;

- supplies of materials and equipment used in the nuclear industry;

- protection of public morals, public order;

- protection of industrial or intellectual property;

- protection of human, animal, plant and environmental health;

- gold, silver or other precious metals and stones;

- protection of artistic, archaeological and historical treasures,

which constitute a national treasure;

- preservation of irreplaceable natural resources.

**Article 10**

 The provisions of this Agreement shall supersede the provisions of bilateral

agreements previously concluded between the Parties to the extent that the latter are either incompatible with or identical to the former.

 This Agreement shall not affect other Agreements, previously concluded by the Parties with third countries.

**Article 11**

 The Parties shall endeavour to avoid conflict situations in mutual trade.

Disputes between the Parties regarding the interpretation or application of the provisions of this Agreement shall be resolved through negotiations.

 The Parties determine that claims and disputes between economic entities of both countries, as a result of interpretation or fulfilment of commercial contacts or transactions, in cases of impossibility to resolve them amicably on the basis of consultations and negotiations and, unless otherwise agreed, shall be exclusively the competence of arbitration/economic courts (permanent or "ad hoc").

 Each Party shall provide effective means of recognition and enforcement of the judgements of the arbitration/economic court.

**Article 12**

 In this Agreement, amendments and additions may be made by written agreement between the Parties, which shall be formalized in protocols that shall form an integral part thereof and shall enter into force in accordance with Article 13 of this Agreement.

**Article 13**

 This Agreement shall apply provisionally as from the date of signature and shall enter into force on the date of receipt of the last written notification of fulfilment by the Parties of the domestic procedures required for its entry into force.

 This Agreement shall cease to be in force after the expiry of six months from the date of written notification by either Party of its intention to terminate this Agreement.

 The provisions of this Agreement, after its termination, shall apply to all contracts between enterprises and organizations of both States, concluded but not executed during the period of its validity.

 Committed in Moscow on 12th of January 2004 in two original copies, each in Azerbaijani, Kyrgyz and Russian languages, all texts shall have equal force.

 In the event of any disagreement in the interpretation of this Agreement, the Russian text shall prevail.

For the Government

of the Republic of Azerbaijan

For the Government of the

Kyrgyz Republic

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